

131st Annual Report, 1980



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**NOVA SCOTIA  
SAVINGS & LOAN  
COMPANY**

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Investment Savings  
Certificates  
**13 <sup>3</sup>/<sub>4</sub> %**  
Annual Interest  
DOR SCOTIA  
Savings Bank

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# President's Remarks



The year 1980, your company's 131st, was a challenging one. The rollercoaster ride which interest rates took made business more difficult but did not stop progress.

Our plans for growth and development of the company included the taking of four initial steps during the year. They were further expansion of the branch network, diversification of lending services by introduction of a personal loans program, establishment of a federally incorporated trust company subsidiary, and the raising of new capital.

Considerable progress was made on all four fronts. Two new branches were opened, our personal loans program was launched, federal approval of a trust company charter was received and more than \$2,000,000 in new capital was invested. Some further comment on each of these four areas seems in order.

In December we opened a new branch in Charlottetown. It is now fully staffed and in operation with an experienced banker as manager. Business in Prince Edward Island had been growing for a number of years through local agents, and while this is satisfactory and will continue, it does not permit cross selling in population centres of our other deposit and lending services.

Planning has commenced for a new office in St. John's, Newfoundland. A location study is underway and we expect to be opening in the near future. We have a substantial base of existing business on which to build in Newfoundland.

Other key areas of the Atlantic Region are in our expansion program and we hope to announce at least one more branch

opening in the current year.

Last year we reported on the opening of a new branch in Calgary. This was a major commitment for a Halifax based company to make, but your directors believed the opportunities in Western Canada justified it. Western Canada is one of the most competitive markets in the country for financial institutions; our experience and ability to grow there have provided us with a sound footing for future expansion.

A personal loans program, marketed under the title "The Arrangement", was introduced a year ago as a natural complement to our traditional lending services. Experienced personnel were added to administer the program and I can report that operations in the first year were successful.

During the year application was made to the federal government for authority to establish a trust company. This was successful and Nova Scotia Savings & Trust Company was granted letters patent late in the year. Trust powers are a natural extension of the business and enhance the company's competitive position. In 1981 we will be in a position to offer Guaranteed Investment Certificates as well as Investment Savings Certificates and a wider range of deferred income plans.

It is standard practice in the financial community to provide services under two corporate titles, each of which is a member of the Canada Deposit Insurance Corporation. This gives customers double the amount of government insured deposits from the same location. The formation of Nova Scotia Savings & Trust Company is a cornerstone of our

expansion policy.

To provide funds for our expansion program and to enable the company to capitalize its newly authorized trust subsidiary, a private placement of 168,000 treasury common shares was completed in November which resulted in the investment of \$2,184,000 of new capital. This was accomplished after investigating numerous alternative ways of raising growth capital, extending over a period of some months. The new funds will enable us to expand our lending services by \$50,000,000.

In my remarks a year ago I expressed the hope that when the Trust Companies Act and Loan Companies Act were revised we would be given broader investment and lending powers. A year has gone by and no date has yet been set for presentation of the revised acts to Parliament.

However, with passage of the Bank Act it is reasonable to assume that 1981 will see the introduction of these acts. One expected benefit is a change which would allow a savings and loan company to be called a Savings Bank which is a more apt description of the function.

The expansion of the company and its prospects for the next decade have made it attractive to others. I believe Nova Scotia Savings has a bright future and can continue to be an effective competitor in the communities it serves as a provider of a widening group of financial services.

The outlook for the current year is such that although we do not anticipate easy times, there are hopeful signs that the great instability of interest rates may be over as the stop-go attacks on inflation settle into more stable patterns in North America. Housing starts are expected to increase in 1981, perhaps significantly if interest rates moderate. With our new services and new branches we think there is good reason to look to the future with confidence.

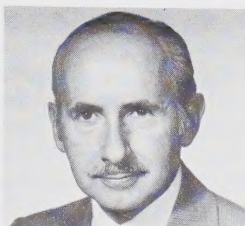
James E. Radford,  
President and Chief Executive Officer



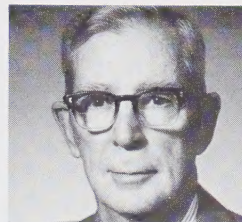
# Directors' Report



George C. Piercey



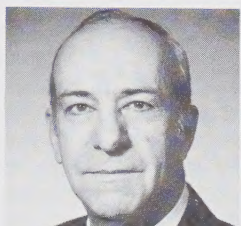
James E. Radford



A. Russell Harrington



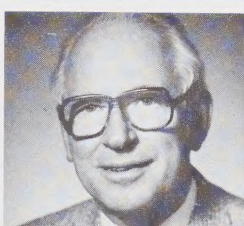
Hector McInnes



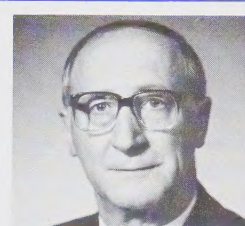
Austin E. Hayes



Sidney M. Oland



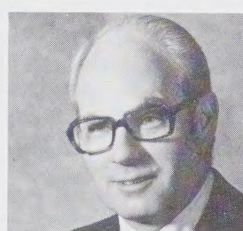
Lloyd R. Shaw



Dean W. Salsman



G. Ross Guy



Leonard H. Lockhart

The year was marked by unprecedented fluctuations in the levels of interest rates as governments and central banks in North America used monetary policy to battle inflation. The rapid rise and equally rapid descent of rates in the second and third quarters created uncertainty which undermined consumer confidence and eroded operating profits throughout the financial services industry. Although rates have once again risen to historic highs there is hope that the wild swings will not be repeated, and that a measure of order will return to the market.

In the turbulent year of 1980, net income was \$950,699 or 66¢ per average common share outstanding, compared to \$1,065,550 and 80¢ respectively for 1979. It is important to note that operating income before securities gains increased in 1980 to \$945,340 from \$834,060. This is generally considered to be the best measure of operating efficiency. On a per-share basis, 1980 produced 65¢ from operations versus 56¢ for 1979, an improvement of 16%. Given the economic uncertainties in 1980, the squeeze on profit margins and the increases in costs of

all types, the results are considered to be satisfactory. The quarterly breakdown of earnings shows a favourable trend. In 1980, the third and fourth quarters produced income per share before securities transactions of 24¢ and 21¢ respectively for a second half total of 45¢. In 1979, the comparable figures were 12¢ and 7¢ for a second half total of 19¢.

All earnings per share are calculated on the weighted monthly average of common shares outstanding: 969,818 for 1980 and 952,318 for 1979.

## Assets, Operations and Dividend Payments

Total assets of the company grew marginally to \$403,151,519, an increase of \$2,400,245 over the preceding year. At mid-year in particular, we did not actively pursue new business with the prevailing spreads. Gross income was \$45,544,798, an increase of 7.3%; interest on deposits and borrowings, \$39,796,106, up 7.2% over 1979 levels; administration expenditures, \$3,843,468, or 8.4% of gross income compared to 7.8% in the previous year. This reflects the costs

associated with the opening of branches and the development of new lending and deposit services. Cost of borrowed funds as a percentage of revenues, 87.4% of gross income, continued at an historically high level.

Dividends paid on Series A preferred shares totalled \$306,684, or \$2.05 per share. Common share dividends of \$382,571 or 40¢ per share were paid.

## Shareholders' Equity/Retained Earnings

New shareholder equity was provided from the sale of 168,000 common shares at a price of \$13.00. This increased shareholders' equity by \$2,184,000 and provided an additional \$50,000,000 leverage for the expansion and diversification of existing and new programmes.

## Mortgages

Although mortgage markets were affected adversely by the reduction in housing starts, especially in the Atlantic



# Directors' Report

(continued)

Region, there was an increase in commercial mortgage approvals in our Western operations.

National housing statistics show an overall decrease in housing starts to 160,000 units compared to 197,049 units in 1979, a reduction of 18%, and the lowest level since 1966. Your company experienced an overall decrease in mortgage advances to \$40,500,000 (down from \$58,800,000 in 1979), which materially affected the growth of our mortgage portfolio. Consumer resistance to high mortgage rates and builders' reluctance to commit resources to an uncertain market were the principal causes. A housing shortage will ultimately result if the return to historical construction levels is not achieved. At the moment housing deficiencies are being experienced in several regions of the country.

The outlook for 1981 is for increased housing starts to about 184,000 units, an increase of 24,000 or 15% over the record low production of last year. The impact of high interest rates on both builders and potential homeowners is serious. With marginal disposable income under pressure real gains in 1981 will be hard won. It becomes of major importance to recognize these factors and ensure that our branch and department managers, their staffs, and our agency network provide a competitive and consistent service. We are confident our marketing efforts will result in the growth of our portfolios. The volume of business referred by new and existing mortgage agents in all regions shows signs of a normal increase. Net interest margins (spreads) are improving and there should be an adequate supply of deposits in the marketplace to fund increases in our loan portfolio.

Mortgage approvals totalled \$115,900,000, a slight decline from the preceding year. As was the case in 1979, the Western Canadian market was the most demanding on the company's resources. We hope to see strong demand from that source and also from the Province of Newfoundland in the current year. Other regions may not be as buoyant but we do expect a healthy overall increase in the mortgage portfolio during the year ahead.

## Personal and Collateral Loans

These loan services were promoted and expanded during 1980. Volumes were as

budgeted; personal and collateral loan approvals were in excess of \$5,300,000. These services provide a higher rate of return than our traditional lending programmes, and afford the company a degree of protection against reduced margins in other services. The results to date have been encouraging and we anticipate an expansion of these services to a larger segment of existing and new customers.

## Deposits

Marked improvement was reported in deposit-taking because of the interest rates payable on investment savings certificates, and new types of deposit services, such as the RRSP deposit plan. Total savings deposits rose by \$1,191,215, or 8.0%. Investment savings deposits totalled \$342,094,387, an increase of \$20,069,376. These additional funds were used to reduce substantially short-term deposits with their higher and more volatile interest rates. Our short term certificates were deliberately reduced to \$22,106,475 from \$44,021,381 during the year. This achievement has permitted an effective matching of the assets to liabilities and ensures a lesser degree of sensitivity to fluctuations in interest rates.

## Investments

Over the year there was a reduction in investments of more than \$4,000,000 principally in the category of chartered bank deposit certificates which are held for liquidity purposes. The reason for this reduction was the planned decrease in short term deposits accompanied by an increase in longer-term deposits thereby permitting lower liquidity reserves.

## Real Estate Held for Sale

Continuing progress was made in the control and disposal of real estate held for sale. The outstanding balance of this account represents only 0.89% of the total mortgage portfolio, a decrease of \$1,291,118, or 28% during 1980. Certain of these properties have been refurbished and are now contributing positive cash flow. Negotiations towards orderly sales are continuing on several buildings.

The number of foreclosures now in progress is substantially lower than in the preceding year and further improvement is expected.

## Board of Directors

There were no changes in the composition of the Board of Directors during the year. The Executive Committee of the Board met regularly during 1980. The Audit Committee and other committees met at various times in addition to the meetings of the full Board.

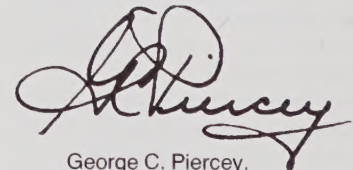
## Employees

Employees' response to the company personnel development programme during 1980 was gratifying. While individual development for the most part is a personal responsibility, the company encourages staff members to pursue goals of self-improvement. Currently, more than 10% of the staff are actively engaged in various programmes such as advanced accounting and appraisal courses. This training better prepares our employees to meet the challenge of competition in the business environment of today.

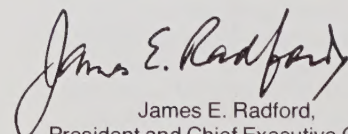
The company benefits greatly from the loyal service of its employees. The increased number of services offered to the public has created added responsibilities and many long hours of work. Our people have responded well to each new challenge and the Directors and Management are most appreciative of their efforts.

## Trust Company

The expanded powers which your company has acquired through federal approval of Nova Scotia Savings & Trust Company will help provide a more diversified package of financial services to a competitive marketplace.



George C. Piercy,  
Chairman of the Board



James E. Radford,  
President and Chief Executive Officer



# Expansion

The acquisition of trust powers under the Trust Companies Act allows us to engage in a much wider area of financial administration and expand investment activities. It was a key factor in our long-range plan for expansion throughout the Atlantic Region and other areas of the country, most notably Western Canada, where our branch was opened in Calgary more than a year ago.

Nova Scotia Savings & Trust Company, federally approved, will enable us to provide customers with a more comprehensive financial service and therefore, broaden the base of our market. This is considered to be critical in terms of the company's ability to compete successfully in the future. The trust powers, the infusion of new capital and the growth of the branch network will give strong support to that objective.

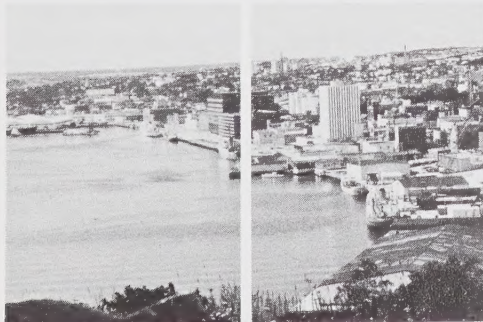
Our expansion policy is to open branches in areas where the company's reputation is solidly established as the result of long-term participation in the mortgage market.

There is a two-fold benefit to this policy: a customer base is already in place, comprised of people likely to be receptive to the wider range of services available through a branch; and the local agents who handle our mortgage and Investment Savings Certificate business outside of branch areas will benefit from closer contact with the company.

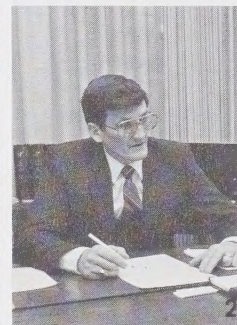
Prince Edward Island is a case in point. The company has been active there for many years and with the outlook for mortgages and Investment Savings Certificates improving it became clear expansion to Charlottetown was warranted.

Our new branch manager brings to the position more than 17 years experience in Canadian banking.

St. John's, Newfoundland, is similar: through agents, our customer base has grown over the years and it is our intention to open a branch there in the current fiscal year. In addition to mortgages and Investment Savings Certificates, it will be able to offer personal loans, chequing and savings accounts, and eventually, services of the trust company.



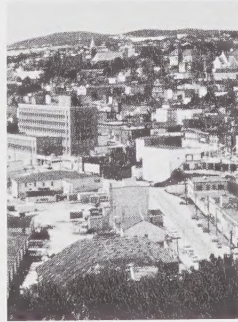
1. New branch location — Charlottetown



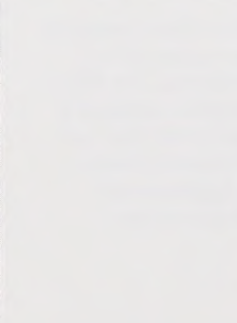
2. Reginald Sabean — Manager Halifax Branch



3. Deposit Services — Halifax Branch



4. Iver Cotton — Manager Charlottetown Branch



5. Customer service at Charlottetown Branch

6. Irene Gaudet — Investment Savings Certificates, Halifax Branch

7. St. John's, Newfoundland — site of future expansion



# Expansion/Marketing/Services



1. Local radio advertising



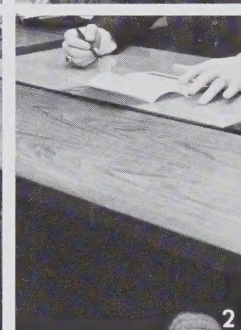
2. James Featherby — Manager Dartmouth Branch



3. Business continues to grow in Ontario mortgage market



4. Harry Pinsent — Manager Clayton Park Branch



5. Deposit Services — Clayton Park Branch



Our expansion program is taking place primarily in a region which shares the short-term afflictions of the national economy. However, projections for the Atlantic area over the balance of the decade are very positive and we are confident expansion taking place now, and planned for the future, will stand the company in good stead as the economic climate improves.

Last year we reported on the opening of the Calgary branch at the centre of the company's western operations. The West contributed importantly to the company's overall loan volumes during the year and will continue to do so. The next phase in western expansion is to aggressively develop deposit-gathering services through this office.

## Marketing & Services

As the branch network grows, marketing must increase in tandem.

The new marketing and advertising programs put in place in 1979 were expanded during the year, with radio commercials introduced to support the newspaper campaign. All company external materials, such as branch banners, posters, information stuffers and pamphlets were redesigned to complement the advertising and reflect the more aggressive marketing stance the company is taking.

New marketing training programs, designed to improve selling skills at the branch level, were initiated. The programs are designed to ensure that no opportunity is lost to provide a customer with all

available financial services.

Staff was strengthened at key points by the addition of people with extensive experience in consumer banking.

Internal audit and inspection capabilities were improved and new computer hardware added to the system.

The personal loans program introduced a year ago to complement our other services, has been successful and will be expanded in the current year.

It is our intention to continue building our marketing capabilities at all levels in the company so that we can continue to secure a larger share of the market in the Atlantic Region. With a strong home-market base, we can look much more confidently to the other markets of Canada.



# Financial Highlights

For the information of shareholders, the valuation day value of the Company's common stock for capital gains tax purposes as published by the Department of National Revenue, Taxation, is \$15.50.

	1980	1979
<b>Balance Sheet:</b>		
Total assets	\$403,151,519	\$400,751,274
Investments	22,080,746	26,933,694
Loans	375,590,643	367,462,802
Savings deposits	16,014,828	14,823,613
Short-term certificates	22,106,475	44,021,381
Investment savings certificates	342,094,387	322,025,011
Shareholders' equity	18,762,858	16,317,414

<b>Statement of Income:</b>		
Total income	45,544,798	42,446,936
Interest on deposits and borrowings	39,796,106	37,115,394
All other expenses	4,328,352	4,173,582
Net income	950,699	1,065,550
Net income per common share before securities gains	0.65	0.56
Net income per common share	0.66	0.80
Dividends declared on common shares	382,571	809,470
Dividends declared on preferred shares	306,684	306,684

## Statement of Income Year ended December 31, 1980 (with comparative figures for 1979)

	1980	1979
<b>Income:</b>		
Interest from mortgages and other loans	\$ 42,613,377	\$ 39,436,165
Investment income	2,595,740	2,682,147
Fees and commissions	236,523	208,949
Other operating revenue	99,158	119,675
	<u>45,544,798</u>	<u>42,446,936</u>
<b>Expenses:</b>		
Interest on deposits and borrowings	39,796,106	37,115,394
Administration	3,843,468	3,301,725
Provision for losses and accounts written off	399,811	806,381
Depreciation and amortization	85,073	65,476
	<u>44,124,458</u>	<u>41,288,976</u>
Operating income before income taxes	1,420,340	1,157,960
Income taxes:		
Current	362,000	118,200
Deferred	113,000	205,700
	<u>475,000</u>	<u>323,900</u>
Operating income before securities gains	945,340	834,060
Securities gains, less related income taxes	5,359	231,490
Net income	<u>\$ 950,699</u>	<u>\$ 1,065,550</u>
Earnings per common share (note 5):		
Income before securities gains	\$ .65	\$ .56
Securities gains	.01	.24
Net income	<u>\$ .66</u>	<u>\$ .80</u>

See accompanying notes to financial statements.



# Balance Sheet

December 31, 1980 (with comparative figures for 1979)

	1980	1979
<b>Assets</b>		
Cash and short-term deposits	\$ 1,361,199	\$ 789,379
Investments, at cost:		
Bonds and accrued interest	3,396,931	3,552,784
Chartered bank deposit certificates and accrued interest	11,804,162	16,421,493
Stocks	6,879,653	6,959,417
	<u>22,080,746</u>	<u>26,933,694</u>
Market value:		
December 31, 1980 — \$21,335,403		
December 31, 1979 — \$26,725,880		
Loans:		
Mortgages, agreements of sale and accrued interest, less allowance for doubtful accounts	371,173,809	366,951,363
Other loans	4,416,834	511,439
	<u>375,590,643</u>	<u>367,462,802</u>
Other assets:		
Real estate held for sale, at estimated realizable value	3,312,172	4,603,290
Real estate held for future development, at cost	233,498	233,498
Equipment and furnishings, at cost, less depreciation	157,963	147,324
Leasehold improvements, at cost, less amortization	242,259	170,098
Income taxes recoverable	—	131,800
Sundry	173,039	279,389
	<u>4,118,931</u>	<u>5,565,399</u>
	<u>\$403,151,519</u>	<u>\$400,751,274</u>

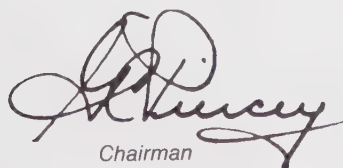
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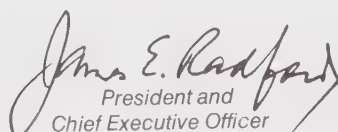


**Liabilities and Shareholders' Equity**

	1980	1979
Deposits and borrowings:		
Savings deposits and accrued interest	\$ 16,014,828	\$ 14,823,613
Short-term certificates and accrued interest	22,106,475	44,021,381
Investment savings certificates and accrued interest	342,094,387	322,025,011
Subordinated notes and accrued interest	1,111,934	1,110,940
	<u>381,327,624</u>	<u>381,980,945</u>
Other liabilities:		
Amounts held for insurance and tax payments on mortgaged properties	348,405	227,512
Dividends payable	173,546	171,903
Income taxes payable	374,586	—
Provision for pensions	30,500	32,500
	<u>927,037</u>	<u>431,915</u>
Deferred income taxes (note 1)	2,134,000	2,021,000
Shareholders' equity:		
Capital stock (note 2)	5,232,636	4,896,636
General reserve	10,500,000	8,500,000
Retained earnings	3,030,222	2,920,778
	<u>18,762,858</u>	<u>16,317,414</u>
	<u>\$403,151,519</u>	<u>\$400,751,274</u>

The undersigned officials of Nova Scotia Savings & Loan Company hereby certify that they have examined the financial statements of the company and that, to the best of their knowledge and belief, the statements are correct and show truly and clearly the financial condition of the company's affairs.

  
Chairman

  
President and  
Chief Executive Officer

  
General Manager



## Statement of Retained Earnings Year ended December 31, 1980 (with comparative figures for 1979)

	1980	1979
Balance, beginning of year	\$ 2,920,778	\$ 2,971,382
Net income for the year	950,699	1,065,550
	<u>3,871,477</u>	<u>4,036,932</u>
Deduct:		
Dividends — common	382,571	809,470
— preferred	306,684	306,684
Transfer to general reserve	152,000	—
	<u>841,255</u>	<u>1,116,154</u>
Balance, end of year	<u>\$ 3,030,222</u>	<u>\$ 2,920,778</u>

## Statement of General Reserve Year ended December 31, 1980 (with comparative figures for 1979)

	1980	1979
Balance, beginning of year	\$ 8,500,000	\$ 8,500,000
Transfer from contributed surplus	1,848,000	—
Transfer from retained earnings	152,000	—
Balance, end of year	<u>\$10,500,000</u>	<u>\$ 8,500,000</u>

## Statement of Contributed Surplus Year ended December 31, 1980 (with comparative figures for 1979)

	1980	1979
Contributed surplus on issue of common shares (note 2)	\$ 1,848,000	—
Transfer to general reserve	<u>\$ 1,848,000</u>	<u>—</u>

## Statement of Changes in Financial Position Year ended December 31, 1980 (with comparative figures for 1979)

	1980	1979
<b>Funds provided:</b>		
Net income from operations	\$ 945,340	\$ 834,060
Securities gains	5,359	231,490
Net income after securities gains	<u>950,699</u>	<u>1,065,550</u>
Add items not requiring a current outlay of cash	576,047	905,976
Funds provided by operations	<u>1,526,746</u>	<u>1,971,526</u>
Sale of common stock	2,184,000	—
Decrease in investments	4,852,948	—
Increase in deposits and borrowings	—	16,077,029
Decrease in cash and short-term deposits	—	746,221
Decrease in real estate held for sale	913,144	—
Income taxes recovered	131,800	—
Increase in other liabilities	495,122	—
Decrease in sundry assets	106,350	167,284
	<u>\$10,210,110</u>	<u>\$18,962,060</u>
<b>Funds applied:</b>		
Increase in investments	\$ —	\$ 1,682,495
Increase in loans	8,127,841	15,573,104
Increase in real estate held for sale	—	379,972
Increase in real estate held for future development	—	60,489
Increase in cash and short-term deposits	571,820	—
Additions to equipment, furnishings and leasehold improvements	167,873	106,854
Dividends on common stock	382,571	809,470
Dividends on preferred stock	306,684	306,684
Decrease in other liabilities	—	42,992
Decrease in deposits and borrowings	653,321	—
	<u>\$10,210,110</u>	<u>\$18,962,060</u>

See accompanying notes to financial statements.



# Auditors' Report

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## Auditors' Report to the Shareholders

We have examined the balance sheet of Nova Scotia Savings & Loan Company as at December 31, 1980 and the statements of income, retained earnings, general reserve, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants  
Halifax, Canada  
January 29, 1981

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## Notes to Financial Statements

### December 31, 1980

1. Deferred income taxes:

Deferred income taxes have arisen as a result of deducting for income tax purposes amounts allowable in respect of mortgage reserves which are in excess of amounts provided in the accounts. In 1968, the company adopted the tax allocation basis of accounting and has recorded deferred taxes in the amount of \$2,134,000. Deferred taxes for the amount of \$237,000 relating to 1967 and prior years have not been provided.

2. Capital stock:

Authorized:

500,000 cumulative redeemable preferred shares, issuable in series, of a par value of \$20 each

2,500,000 common shares of a par value of \$2 each

Issued and fully paid:

	1980	1979
150,000, 10.25% Series A, cumulative redeemable preferred shares	<u>\$3,000,000</u>	<u>\$3,000,000</u>
Less 400 shares redeemed	<u>8,000</u>	<u>8,000</u>
	<u>2,992,000</u>	<u>2,992,000</u>
1,120,318 common shares (1979 — 952,318)	<u>2,240,636</u>	<u>1,904,636</u>
	<u>\$5,232,636</u>	<u>\$4,896,636</u>

The Series A preferred shares have been redeemable since July 1, 1980 at the option of the company at \$21.40 plus accrued and unpaid dividends. The redemption price will decrease by 20¢ per share for each two-year interval through to July 1, 1992 after which time the redemption price shall be \$20.20 per share.

The company is required, subject to certain terms and conditions, to annually retire 7,500 Series A preferred shares by purchase in the open market at a price not exceeding \$20 per share plus accrued and unpaid dividends. Investment market conditions during most of 1979 and 1980 did not permit such purchases.

During the year, the company issued 168,000 common shares of a par value of \$2.00 at a price of \$13.00 per share. This gave rise to a contributed surplus of \$1,848,000, being the excess of issue price over the par value of the shares.

3. Commitments:

Commitments for rentals under long-term leases of premises and equipment at December 31, 1980 were as follows:

1981	\$ 363,745
1982	348,872
1983	345,072
1984	251,384
1985	182,322
Balance	<u>24,461</u>
Aggregate rentals payable	<u>\$1,515,856</u>

4. Pension obligation:

The unfunded past service liability with respect to the employees' pension plan based on an actuarial study dated September 13, 1978 was estimated to be approximately \$251,600 at January 1, 1978. Payments of \$31,800 are being made annually and charged to operations with the intention of fully funding the past service liability by December 31, 1987. Subject to specified conditions, the Directors retain the right to amend, modify or terminate the plan.

5. Earnings per share:

Earnings per share are based upon the weighted monthly average of shares outstanding: 969,818 for 1980 (1979 — 952,318).



# Comparatives

(All amounts are expressed in thousands except as indicated\*)

	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971
<b>Income</b>										
Income	\$ 45,545	\$ 42,446	\$ 38,771	\$ 35,903	\$ 31,788	\$ 28,913	\$ 23,991	\$ 17,661	\$ 12,548	\$ 9,468
% Increase	* 7.3%	9.5%	8.0%	12.9%	9.9%	20.5%	35.8%	40.7%	32.5%	32.0%
<b>Expense</b>										
Cost of Borrowed Funds	\$ 39,796	\$ 37,115	\$ 31,949	\$ 28,431	\$ 26,123	\$ 23,143	\$ 19,784	\$ 13,100	\$ 8,762	\$ 6,557
Administration Expense	3,843	3,302	3,090	2,631	2,263	1,623	1,385	1,165	907	596
Provision for Losses and Accounts Written Off	400	806	837	1,023	429	215	7	1	14	8
Depreciation & Amortization	85	65	55	53	48	39	34	41	29	24
Administration Expense as % of Income	* 8.4%	7.8%	8.0%	7.3%	7.1%	5.6%	5.8%	6.6%	7.2%	6.3%
<b>Earnings</b>										
Net Income Before Taxes	\$ 1,420	\$ 1,158	\$ 2,840	\$ 3,765	\$ 2,925	\$ 3,893	\$ 2,781	\$ 3,354	\$ 2,836	\$ 2,283
Securities Gains (Losses) Net	5	231	106	84	—	(4)	280	121	—	—
Income Taxes — Current	362	118	1,002	1,783	1,168	1,575	835	1,072	835	932
— Deferred	113	206	163	( 189)	97	220	559	555	458	178
Net Income Available for Distribution	951	1,065	1,781	2,255	1,660	2,094	1,667	1,848	1,543	1,173
Per Common Share	* .66 <sup>2</sup>	.80 <sup>1 &amp; 3</sup>	1.55 <sup>1 &amp; 3</sup>	2.05 <sup>1 &amp; 3</sup>	1.42 <sup>1 &amp; 3</sup>	2.04 <sup>1 &amp; 3</sup>	1.75 <sup>1</sup>	2.00 <sup>1 &amp; 2</sup>	1.82	1.38
Dividends Declared Per Common Share	* .40	.85	1.00	1.00	1.00	1.00	1.00	.92	.78	.51
<b>Equity</b>										
Preferred	\$ 2,992	\$ 2,992	\$ 2,992	\$ 2,992	\$ 2,992	\$ 3,000	\$ —	\$ —	\$ —	\$ —
Common	15,771	13,325	13,376	12,854	12,047	11,647	10,914	10,198	7,109	6,224
Net Earnings after Taxes on Average Common Shareholders' Equity	* 6.5%	8.0%	13.6%	18.1%	14.0%	18.6%	15.8%	21.4%	23.1%	20.0%
<b>Assets</b>										
Mortgages	\$ 375,591	\$ 367,463	\$ 351,890	\$ 316,786	\$ 288,817	\$ 263,536	\$ 234,938	\$ 192,529	\$ 141,025	\$ 100,949
Investments (at cost)	22,081	26,934	25,251	23,845	23,415	21,084	14,968	12,593	9,674	7,094
Total Assets	403,152	400,751	384,527	347,633	315,742	287,156	255,682	208,031	152,416	109,876
% Total Asset Growth	* .6%	4.2%	10.6%	10.1%	10.0%	12.3%	22.9%	36.5%	38.7%	28.1%
<b>Savings &amp; Term Deposits</b>										
Savings & Short Term Certificates	\$ 38,121	\$ 58,845	\$ 63,617	\$ 52,252	\$ 50,038	\$ 47,940	\$ 49,570	\$ 45,841	\$ 30,523	\$ 21,190
Investment Savings Certificates	342,094	322,025	301,177	275,170	246,247	219,222	192,678	148,226	113,458	81,516

<sup>1</sup>Earnings Per Common Share in 1973 includes net securities gains of \$121,350; in 1974 includes net securities gains of \$280,136; in 1975 includes net securities losses of \$3,677; in 1976 includes net securities gains of \$366; in 1977 includes net securities gains of \$84,045; in 1978 includes net securities gains of \$106,378; in 1979 includes net securities gains of \$231,490; in 1980 includes net securities gains of \$5,359.

<sup>2</sup>Earnings Per Common Share in 1973 are based on the weighted average of 926,007 shares, being 847,075 for the first quarter and 952,318 for the remaining three quarters. Earnings Per Common Share in 1980 are based on the weighted average of 969,818 shares, being 952,318 for ten months, 994,318 for one month and 1,120,318 for one month.

<sup>3</sup>Earnings Per Common Share are calculated on earnings after payment of dividends on preferred shares for 1975 and subsequent years.



# Board of Directors/Officers/Management

## Directors

\* G. Ross Guy, M.C.  
Business Executive

†\* A. Russell Harrington, B.E., D.Eng., D.C.L.  
Business Executive

\* Austin E. Hayes, B.Com.  
President, Hayes Enterprises Limited

† Leonard H. Lockhart  
President, Lock-Wood Limited

\* Hector McInnes, B.A., LL.B., LL.M., Q.C.  
Partner; McInnes, Cooper & Robertson  
(Barristers and Solicitors)

Sidney M. Oland, M.A., M.B.A.  
President, Labatt Brewing Company Limited

\* George C. Piercey, C.M.M., Q.C.  
Chairman of the Board, Nova Scotia Savings  
& Loan Company

\* James E. Radford, B.Com., M.B.A., C.A.  
President and Chief Executive Officer,  
Nova Scotia Savings & Loan Company

†\* Dean W. Salsman  
Chairman of the Board, Parker Brothers  
(1972) Limited

†\* Lloyd R. Shaw, M.A., LL.D., D.Eng., D.C.L.  
President, L.E. Shaw Investments Limited

\*Member of the Executive Committee

†Member of the Audit Committee

## Officers

George C. Piercey, C.M.M., Q.C.  
Chairman of the Board

James E. Radford, B.Com., M.B.A., C.A.  
President and Chief Executive Officer

A. Russell Harrington, B.E., D.Eng., D.C.L.  
Vice-President

Hector McInnes, B.A., LL.B., LL.M., Q.C.  
Vice-President

Robert T. Hammer, R.I.A.  
General Manager

Reuben C. Cluett, R.I.A.  
Treasurer and Controller

Barrie H. Black, B.A., LL.B., LL.M.  
General Counsel

Russell G. Buell  
Supervisor Personnel and Administration

Pauline E. Helms  
Secretary

## Branches

Calgary, Alberta  
165 Gulf Canada Square  
325 9th Avenue S.W.  
T2P 3C5  
(403) 266-7195

G. Fredrick Jensen  
Manager Western Operations

Malte R. Schmidt  
Branch Manager

Dartmouth, Nova Scotia  
50 Portland Street  
B2Y 3Z3  
(902) 463-4666

James R. Featherby  
Branch Manager

Halifax, Nova Scotia  
1645 Granville Street  
B3J 2T3  
(902) 423-1181

Reginald C. Sabean  
Branch Manager

Clayton Park, Halifax  
278 Lacewood Drive  
B3M 3N8  
(902) 443-8662

Harry R. Pinsent  
Branch Manager

New Glasgow, Nova Scotia  
133 Provost Street  
B2H 5E1  
(902) 755-5080

Joseph V. Walsh  
Branch Manager

Saint John, New Brunswick  
18 King Street  
E2L 4E3  
(506) 652-1820

Thomas E. Davidson  
Branch Manager

Charlottetown, Prince Edward Island  
37 Grafton Street  
C1A 1K6  
(902) 892-1042

S. Iver M. Cotton  
Branch Manager

## Bankers

The Bank of Nova Scotia  
The Royal Bank of Canada

## Head Office Departments

Mortgage Investments  
Robert D. Brownrigg, Senior Manager

Branch Operations and Personal Loans  
Glenn Wallace, Supervisor  
Malcolm M. MacDonald, Manager Personal Loans

Deposit Services  
Grant I. Warwick, Manager  
Margaret E. Mitchell, Manager Investment Savings  
Certificates

Computer Operations  
Frank J. Boutilier, Manager

Property and Collections  
Lauchlin W. MacDonald, B.Sc., Manager

Accounting  
Roderick T. Glencross, B.Com., R.I.A.  
Assistant Controller

### TOP

Investment Savings Certificate Staff — from left,  
Roberta Robb, Margaret Mitchell and Marlene  
Cormier

### BOTTOM

Personnel Development Program — from left, Frank  
Boutilier, Harvey Pennell, Carolyn Hirschfeld and  
Mark Wile







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Federally Incorporated  
Member: Canada Deposit Insurance Corporation  
Stock listed on the Toronto and Montreal Stock Exchanges